



H. H. HEMSWORTH & CO. LTD.

Members Vancouver Stock Exchange

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P E A C E R I V E R P E T E N O . 2 G E T S G A S S H O W

SECOND MONKMAN PASS WELL SPEEDS PAST HALF-WAY DEPTH MARK

AT LAST REPORT, NO. 2 WELL ON THE MONKMAN PASS - GRIZZLY VALLEY SPREAD IN NORTHEAST BRITISH COLUMBIA WAS DRILLING BELOW 4,618 FT. AFTER ENCOUNTERING SHOWINGS OF NATURAL GAS AROUND 3,700 FT. THE LATTER DEPTH APPROXIMATES THAT AT WHICH GAS WAS FIRST HIT IN THE NO. 1 DISCOVERY AND INDICATES THE STEP-OUT IS ON THE SAME FAVORABLE STRUCTURE.

Using gas pressure from the No. 1 success, drillers are making exceptional speed at the new well. A pipeline was laid from the original well location, about 2½ miles southeast of the No. 2 well site, and gas is being used not only for drilling but also for all camp purposes at a saving on over-all costs of some \$800.00 per day.

The new driller is well past the half-way mark on its way to the first target depth around 7,500-8,000 ft. Operators are confident gas will be found in the same Nikanassin formation as in No. 1 and should have as good a pay section. Estimates of possible reserves, made following production tests at the first well, ran as high as 70 BILLION CUBIC FEET OF GAS PER SQUARE MILE.

PLAN ON TAKING PRODUCTION

FROM NIKANASSIN FORMATION

If No. 2 well proves comparable to the No. 1 discovery made early in 1964, the working partners in drilling the second well have decided to take production from the Nikanassin formation. This will help to evaluate the whole spread of over 100,000 acres and a third well is planned directly after the completion of No. 2.

The Monkman Pass area is within comparatively short pipeline distance of the rapidly growing centre of Prince George, B. C. This is the site of the \$50 million pulp and paper plant being erected by a subsidiary of Noranda Mines Ltd., now a participant in the Grizzly Valley gas project. Any pipeline outlet would follow the Monkman Pass Trail which has an elevation of only 3,550 ft. at its highest point.

We have enclosed herewith a copy of the Annual Report of PEACE RIVER PETROLEUMS LTD. which we are sure clients and correspondents will find of special interest. In concluding his remarks, the Peace River Petroleum President states:

"YOUR DIRECTORS FEEL THAT THE RESULTS SO FAR REALIZED ARE INDICATIVE OF A TREMENDOUS POTENTIAL AND THAT THE COMING YEAR WILL BRING COMPLETE JUSTIFICATION OF THE EFFORT AND MONEY DIRECTED TO THIS MAJOR DEVELOPMENT."

LISTED AND ACTIVELY TRADED ON VANCOUVER STOCK EXCHANGE, THE SHARES OF PEACE RIVER PETROLEUMS LTD., ONE OF THE LARGEST PARTICIPANTS, IN OUR OPINION OFFER A VERY ATTRACTIVE SPECULATIVE OPPORTUNITY TO SHARE IN A HIGHLY POTENTIAL DEVELOPMENT.

VANCOUVER, B.C., JAN. 4, 1965.

H. H. HEMSWORTH & CO. LTD.

The information contained herein has been obtained from reliable sources but is not guaranteed.

